

**191—71.7(513B) Requirement to insure entire groups.**

**71.7(1) a.** A small employer carrier or ODS that offers coverage to a small employer shall offer to provide coverage to each eligible employee and to each dependent of an eligible employee. The small employer carrier or ODS shall provide the same health insurance coverage to each employee and dependent.

*b.* Except as provided in Iowa Code section 513B.10(4) (with respect to exclusions for preexisting conditions), the choice among insurance coverages may not be limited, restricted or conditioned upon the risk characteristics of the employees or their dependents.

**71.7(2) a.** Except as provided in this subrule, a small employer carrier or ODS may not issue health insurance coverage to a small employer unless the health insurance coverage covers all eligible employees and all dependents of eligible employees.

*b.* A small employer carrier or ODS may issue health insurance coverage to a small employer that excludes an eligible employee or the dependent of an eligible employee only if:

(1) The excluded individual has coverage under health insurance coverage or other health coverage arrangement, including that set forth in Iowa Code chapter 514E, that provides coverage similar to or exceeding benefits provided under the basic health insurance coverage;

(2) The excluded individual does not have a risk characteristic or other attribute that would cause the carrier to make a decision with respect to premiums or eligibility for health insurance coverage that is adverse to the small employer;

(3) The excluded individual states in a signed waiver that the individual has had coverage under health insurance coverage or other health arrangement, including that set forth in Iowa Code chapter 514E, within the previous six months and reasonably expects to have coverage within the succeeding six months under health insurance coverage or other health arrangement that provides benefits similar to or exceeding benefits provided under the basic health benefit plan.

*c.* A small employer carrier or ODS shall require each small employer that applies for coverage, as part of the application process, to provide a complete list of eligible employees and dependents of eligible employees. The small employer carrier or ODS shall require the small employer to provide appropriate supporting documentation in the form of a W-2 Summary Wage and Tax Form and federal or state quarterly withholding statements for the current year and the year immediately preceding the year of application for coverage.

(1) A small employer carrier or ODS shall secure a waiver, with respect to each eligible employee and each dependent of an eligible employee, declining an offer of coverage under health insurance coverage provided to a small employer. The waiver shall be signed by the eligible employee (on behalf of such employee or the dependent of such employee) and shall certify that the individual who declined coverage was informed of the availability of coverage under the health insurance coverage. The waiver form shall require that the reason for declining coverage is stated on the form and shall include a written warning of the penalties imposed on late enrollees. Waivers shall be maintained by the small employer carrier or ODS for a period of six years.

(2) A small employer carrier or ODS shall obtain, with respect to each individual who submits a waiver under 71.7(2)“c”(1), information sufficient to establish that the waiver is permitted under 71.7(2)“b.”

*d.* (1) A small employer carrier or ODS shall not issue coverage to a small employer if the carrier is unable to obtain the list required under 71.7(2)“c,” a waiver required under 71.7(2)“c”(1) or the information required under 71.7(2)“c”(2) in circumstances set forth in this subrule.

(2) 1. A small employer carrier or ODS shall not offer coverage to a small employer if the carrier or ODS, or a producer for such carrier or ODS, has reason to believe that the small employer has induced or pressured an eligible employee (or dependent of an eligible employee) to decline coverage due to the individual’s risk characteristics.

2. A producer shall notify a small employer carrier or ODS, prior to submitting an application for coverage with the carrier or ODS on behalf of a small employer, of any circumstances that would indicate that the small employer has induced or pressured an eligible employee (or dependent of an eligible employee) to decline coverage due to the individual’s risk characteristics.

**71.7(3) a.** New entrants to a small employer group shall be offered an opportunity to enroll in the health insurance coverage currently held by such group. A new entrant that does not exercise the opportunity to enroll in the health insurance coverage within the period provided by the small employer carrier or ODS may be treated as a late enrollee by the carrier or ODS, provided that the period provided to enroll in the health insurance coverage extends at least 30 days after the date the new entrant is notified of the opportunity to enroll. If a small employer carrier or ODS has offered more than one health insurance coverage to a small employer group pursuant to 71.7(1) "b," the new entrant shall be offered the same choice of health insurance coverages as the other members of the group.

**b.** A small employer carrier or ODS shall not apply a waiting period, elimination period or other similar limitation of coverage (other than an exclusion for preexisting medical conditions consistent with Iowa Code section 513B.10(4)), with respect to a new entrant that is longer than 60 days. This subrule does not affect an employer's ability to determine an employee's probationary period of work prior to the commencement of benefits.

**c.** New entrants to a group shall be accepted for coverage by the small employer carrier or ODS without any restrictions or limitations on coverage related to the risk characteristics of the employees or their dependents except that a carrier may exclude coverage for preexisting medical conditions consistent with the provisions provided in 513B.10.

**d.** A small employer carrier or ODS may assess a risk load to the premium rate associated with a new entrant consistent with the requirements of Iowa Code section 513B.4. The risk load shall be the same risk load charged to the small employer group immediately prior to acceptance of the new entrant into the group.

**71.7(4) a.** (1) In the case of an eligible employee (or dependent of an eligible employee) who, prior to July 1, 1993, was excluded from coverage or denied coverage by a small employer carrier or ODS in the process of providing health insurance coverage to an eligible small employer (as defined in Iowa Code section 513B.2(16)), the small employer carrier or ODS shall provide an opportunity for the eligible employee (or dependent of such eligible employee) to enroll in health insurance coverage currently held by the small employer.

(2) A small employer carrier or ODS may require an individual who requests enrollment under this subrule to sign a statement indicating that such individual sought coverage under the group contract (other than as a late enrollee) and that the coverage was not offered to the individual.

The opportunity to enroll shall meet the following requirements:

**b.** (1) The opportunity to enroll shall begin October 1, 1993, and extend for a period of at least three months.

(2) Eligible employees and dependents of eligible employees who are provided an opportunity to enroll pursuant to this subrule shall be treated as new entrants. Premium rates related to such individuals shall be set in accordance with 71.7(3).

(3) The terms of coverage offered to an individual described in subparagraph "a"(1) may exclude coverage for preexisting medical conditions if the health insurance coverage currently held by the small employer contains such an exclusion, provided that the exclusion period shall be reduced by the number of days between the date the individual was excluded or denied coverage and the date coverage is provided to the individual pursuant to this subrule.

(4) A small employer carrier or ODS shall provide written notice at least 45 days prior to the opportunity to enroll provided in 71.7(4) "a"(1) to each small employer insured under health insurance coverage offered by such carrier or ODS. The notice shall clearly describe the rights granted under this subrule to employees and dependents previously excluded or denied coverage and the process for enrollment of such individuals in the employer's health insurance coverage.